



# NEWS & VIEWS



**SBA News and Views** is a monthly publication of the SBA Wisconsin District Office. Its purpose is to provide Wisconsin lenders and small business leaders with up-to-date information on SBA programs and small business issues. It is distributed at no cost, and the reprinting of articles is encouraged

## Serving America's Small Businesses

### U.S. Small Business Administration Wisconsin District Office

**Eric Ness, District Director  
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### **Wisconsin SBA FY 2003 Numbers**

In FY 2003, which ended September 30, 2003, the Small Business Administration in Wisconsin approved a combined total of 1,416 7(a) and 504 small business loans amounting to \$285,532,185. Also, there were 88 disaster loans (36-home; 20-business physical damage; 27-economic injury/working capital; 4-rental and 1-non-rental) processed for a total of \$4,561,800. SBA funded Micro-Lenders approved 53 loan guarantees in the amount of \$866,102.

Wisconsin SCORE, "Counselors to America's Small Businesses", volunteered 18,952 hours assisting 1,201 small business owners and 3,319 individuals in the process of starting their own businesses. They also conducted 139 small business workshops attended by 8,797 people.

Wisconsin's Small Business Development Centers (SBDCs) at 12 of the University of Wisconsin campuses assisted 2,187 individuals and conducted 455 seminars attended by 8,797 people.

Wisconsin's SBA portfolio in Wisconsin was 5,144 active loan guarantees worth \$834 million as of September 30, 2003 and 60 direct loans for \$1,157,000.

Wisconsin's SBA looks forward to working with the small business owners and potential entrepreneurs throughout Wisconsin in FY 2004.

### **National FY 2003: The Year in Numbers**

For FY 2003, the SBA approved 67,300 loan guarantees amounting to \$11.3 billion in the 7(a) General Business Loan Guaranty program. SBA also approved 6,863 loans worth a record \$3.16 billion under the Certified Development Company, or 504, loan program. Over the past 10 years, (FY 1994-2003), the SBA has backed more than \$117.24 billion in loans to small businesses, almost twice as much as the total for the agency's entire history before that time (\$65 billion from 1953-93).

More than 29 percent of all SBA loan dollars in FY 2003 went to minority borrowers – nearly \$4.3 billion to more than 21,808 minority-owned businesses.

SBA's Microloan program, which promotes economic empowerment at the smallest levels, provided \$27.5 million in loans to more than 2,263 borrowers. Under the program, SBA provides funding for loans and technical assistance to non-profit community-based lenders. Since 1992, those lenders have loaned more than \$211 million to more than 18,750 entrepreneurs, with an average loan size of about \$11,250.

SBA's Small Business Investment Company (SBIC) program, the agency's premier vehicle for providing venture capital to small, growing companies, produced \$2.47 billion in equity and debt capital investments during the year. The programs' licensed SBICs made more than 4,800 investments in more than 2,600 different small businesses.

SBA's Disaster Assistance loan program made about 25,856 disaster recovery loans nationwide, amounting to \$885.2 million during FY 2003. During the year, the SBA completed special programs begun in FY 2002 to provide disaster recovery loans to victims of the September 11, 2001, attacks on the World Trade Center and the Pentagon. The SBA made more than \$580.4 million in recovery loans to victims of those attacks, and more than \$557 million for the Expanded Economic Injury Disaster Loan program for firms that were impacted by 9/11 located outside of the declared disaster areas in New York and Virginia. During the same period, the SBA has made 126 loans worth \$10.3 million to small businesses to cover operating costs that cannot be met due to the loss of a key employee called to active duty in the reserves or National Guard.

The SBA's Surety Bond Guarantee program backed 8,974 bonds on behalf of small businesses. Of those bonds, 38 percent were on behalf of emerging market small businesses. The bonds resulted in increased contract revenue to participating small businesses totaling \$594 million.

Approximately 2.1 million entrepreneurs received business counseling and technical assistance through one or more of the agency's advisory and training programs.

SBA's Internet, e-mail and toll-free telephone service also reached millions of customers during the year. The SBA Web site ([www.sba.gov](http://www.sba.gov)) recorded more than 54 million visits, and reached an average of 1 million visits a week. The SBA Answer Desk received an estimated 141,000 calls and more than 16,270 e-mail inquiries, and sent out more than 17,400 small business start-up kits.

Through the first six months of FY 2003, small businesses participating in the SBA's 8(a) Business Development program received \$5 billion in

contracts. Small companies in the SBA's HUBZone program received \$1.8 billion in contracts.

### ***New Region V Administrator is Patrick E. Rea***

Patrick E. Rea, an accomplished banker, businessman and retired brigadier general in the U.S. Army Reserve, was selected by Administrator Hector V. Barreto to direct the U.S. Small Business Administration programs in its Region V area. The region serves the states of Illinois, Indiana, Michigan, Minnesota, Ohio and Wisconsin.

As regional administrator, Rea will oversee the delivery of SBA's economic development, government contracting and finance programs in the Midwest. In FY 2003, SBA and its resource partners counseled and trained 213,700 budding entrepreneurs in the region and lenders made 9,859 SBA-backed loans totaling \$2.2 billion.

"This is an exciting opportunity to work with Midwestern states and to help support the programs of SBA," says Rea.

From the SBA's regional headquarters in Chicago, Rea will oversee district and branch offices in Chicago, IL; Springfield, IL; Indianapolis, IN; Detroit, MI; Marquette, MI; Minneapolis, MN; Columbus, OH; Cleveland, OH; Cincinnati, OH; Madison, WI and Milwaukee, WI.

Before joining the SBA, Rea was the executive director for the Illinois Development Finance Authority (IDFA) where he directed the senior debt financing agency's economic development, small business expansion, local government capital needs, seed stage venture capital investments and film financing.

For more than 32 years, Rea has served as an elected Trustee of Tinley

Park and since 1980 has been the Chairman of the Village's Finance and Economic Development Committee. He served as the chairman of the board and CEO of the Chicago chapter of the American Institute of Banking for four years. He is the past president and a member of the Executive Committee of the University of Illinois, College of Business Alumni Association. In addition, Rea serves on a number of boards of directors for public higher education, not-for-profit foundations and professional associations, and has served on advisory committees at the federal, state and local level.

Rea, a native of Tinley Park, IL, holds a bachelor's degree in economics and business and a master's degree in economics from the University of Illinois at Urbana. Rea is the state chairman of the Illinois Committee for Employer Support of the Guard and Reserve (ESGR). He is a registered municipal and general securities representative. He has published in the area of local taxation and governmental debt financing.

### ***Revised SBA Form 912, Statement of Personal History***

SBA Form 912, Statement of Personal History, was revised in October 2003. All previous versions of SBA Form 912 are now obsolete.

SBA uses Form 912, Statement of Personal History, in making character and credit eligibility decisions in determining whether to guarantee or make a loan, guarantee a surety bond, certify a firm for section 8(a) program status, issue certificates of competency, or for other forms of SBA assistance. SBA Form 912 was revised to further address the legal status of aliens. The previous version of the form asked the "yes" or "no" question: are you a U.S. Citizen? The form was revised to add a follow-up question for those who indicate they are not a U.S. citizen, asking whether respondents

are “lawful permanent resident aliens.” As before, all non-U.S. citizens applying for SBA assistance would then continue to provide their alien registration number.

The change to SBA Form 912 addressing the status of aliens was recommended by the U.S. Immigration and Customs Enforcement (ICE) (formerly part of the Immigration and Naturalization Service (INS)) to reduce the possibility that illegal aliens can use SBA programs to defraud the American Public.

Please note that the term “lawful permanent resident alien” used in the revised SBA Form 912 is synonymous with the term “legal permanent resident (LPR)” as used in SOP 50 10(4) starting on page 70.

The revised SBA Form 912 is available to the public under “Financial Assistance Forms” at <http://www.sba.gov/library/forms.html> In addition, lenders should continue to comply with all other requirements in the SOP when determining the eligibility of businesses owned by persons who are not citizens of the United States.

If you have any questions regarding the change, please contact our Madison SBA office at 607-441-5263 or Milwaukee SBA office at 414-297-3941.

### **Authorization Wizard Compatibility and Support to Lenders**

All business loans guaranteed by SBA except those 7(a) loans processed under *Express* procedures are required to use a Loan Authorization made up of terms and conditions that come from SBA’s National Boilerplate. This Boilerplate contains all the pre-approved terms and conditions that can be used to assemble an SBA Authorization. These sanctioned statements are the only terms and conditions that can

appear in an SBA Authorization, except where a term or condition is:

- (1) Developed for a unique situation and expected to be used for just a single loan, or
- (2) Approved by the National Authorization Committee after it has been:
  - a. Recommended by a District Counsel for loans to be processed under non-delegated authority, or
  - b. Recommended by a delegated lender for loans to be processed under delegated authority.

These requests should be sent to [Auth-7a@sba.gov](mailto:Auth-7a@sba.gov).

The loan Authorization Wizard (Wizard) is a Microsoft Word based computer program that allows its users to quickly sort through the myriad pre-approved terms and conditions from the National Boilerplate in order to assemble an appropriate loan authorization tailored to the requirements of a particular loan. SBA offices must generally use the Wizard to assemble loan authorizations for 7(a) loans.

SBA lenders must also use the pre-approved terms and conditions found in the Agency’s National Boilerplate. And, while lenders may use SBA’s Wizard program to assemble those terms and conditions, they are not required to do so. Thus, lenders may use their own systems to assemble the National Boilerplate conditions into their loan authorizations, although the terms and conditions must conform to those in SBA’s National Boilerplate.

The Agency used Word 97 as the basis for the Wizard (and other word processing functions) until 2002 when SBA converted to Microsoft Word 2002 and its Visual Basic for Applications (VBA) macro language. In September 2003, SBA released its Wizard based on Microsoft Word 2002 and the VBA software, although the Agency continues to support the

Word 97 version of the Wizard. Both versions of the Wizard contain the same boilerplate language, so both versions are currently valid.

Internally, SBA encountered some setup and operational issues as a result of its conversion to the VBA based Wizard, which mainly affected SBA field offices. However, the Agency believes those issues have been resolved, and the current VBA version is not compatible agencywide.

Externally, lenders have reported some problems with the new VBA version of the Wizard. SBA has analyzed these problems and concluded that they generally result from lenders attempting to operate the September 2003 VBA Wizard in a Word 97 environment. SBA therefore cannot resolve these kinds of compatibility problems, although lenders’ software vendors may be of assistance. However, SBA will continue to support the Word 97 based Wizard for the next several months, so lenders could also opt to revert to the Word 97 version of the Wizard. To receive more information on the Word 97 version of the Wizard, lenders should contact [Auth-7a@sba.gov](mailto:Auth-7a@sba.gov).

In considering options, lenders should note that Microsoft has announced that it will not support Word 97 after January 2004. In addition, SBA plans, in coming months, to release its next version of the VBA based Wizard, which will include new boilerplate language that will incorporate anticipated policy and legislative changes. The release of SBA’s next version of the Wizard is expected to take place in January 2004. When that version is released, all prior versions will be obsolete, including the Word 97 Wizard. Consequently, lenders wishing to continue to use SBA’s computer based Wizard after the release of the new Wizard will need at least one computer using Word 2002. SBA will discontinue supporting Word 97 as a platform for the Wizard at that time.

Comments and questions should be submitted to the 7(a) Authorization e-mail box at [Auth-7a@sba.gov](mailto:Auth-7a@sba.gov).

### **CommunityExpress Loan Program**

A pilot loan program that was developed in collaboration with the National Community Reinvestment Coalition and its member organizations. Under the pilot, available to selected lenders, a SBAExpress like program will be offered to pre-designated geographic areas serving mostly low and moderate income areas and new market businesses.

The program also includes technical and management assistance, which is designed to help increase the loan applicants' chances of success. A few more highlights of the loan program include:

- Maximum loan amount is \$250,000
- Allows revolving loans up to 7 years
- Lender uses mostly own forms and procedures
- Lenders are not required to take collateral for loans up to \$25,000. Lenders may use their existing collateral policy for loans over \$25,000 up to \$150,000
- Technical assistance is arranged or provided by the lender

#### **In Wisconsin, contact one of these lenders:**

- **Bank One, Wisconsin**  
Gwendolyn Dansby, Vice President at (414) 765-3412 or Paul Collinsworth, SBA/EBL Product Manager at (614) 248-1973
- **Innovative Bank, Oakland, CA**  
Sue Malone, Strategies for Small Business at (414) 285-1424

- **M&I Marshall & Ilsley Bank, Milwaukee** –  
Paul Mayhew, Vice President or David Provancher, Vice President at (414) 443-3303
- **U.S. Bank National Association** –  
Oscar Castaneda, Business Banking Officer at (414) 389-552

For additional information on the Community Express Loan program, visit [www.sba.gov/financing/lendinvest/comexpress.html](http://www.sba.gov/financing/lendinvest/comexpress.html).

### **SBA & Department of Labor Partnership Will Support Entrepreneurship Among People with Disabilities**

U.S. Small Business Administration Administrator Hector V. Barreto and Labor Secretary Elaine L. Chao signed a Strategic Alliance Memorandum designed to help people with disabilities pursue small business ownership and increase their employment opportunities in small businesses.

"The New Freedom Small Business Initiative" agreement is designed to assist adult workers in acquiring the skills and resources they need to successfully begin and operate a small business and to educate small business owners about hiring people with disabilities. The two departments will cooperate to encourage people with disabilities to pursue small business ownership, provide them with technical assistance, and encourage small businesses to hire people with disabilities. The initiative also is meant to build the capacity of the workforce system to serve people with disabilities and support their entrepreneurship through economic development and

coordination of small business activities among federal departments. Copies of the Initiative are available by accessing [www.dol.gov/odep](http://www.dol.gov/odep) or [www.sba.gov](http://www.sba.gov).

### **FTC Charges Company with Deceptive Marketing in Small Businesses**

The Federal Trade Commission has charged a purported Web cramming operation with billing small business owners for "free" Internet services, failing to disclose terms of the sales agreements and billing some companies that had turned down the offer. Objections by the U.S. Small Business Administration to the use of its trademark by the company and complaints from consumers prompted the FTC investigation.

The FTC alleged that Epixtar Corporation and its subsidiaries - including one named SBA Online Inc. - violated federal law by deceptively marketing a free trial of Internet services, and then unfairly billing consumers' telephone accounts without their express informed consent and without their knowledge. The FTC complaint names Epixtar Corp., Liberty Online Services, Inc., National Online Services Inc., B2B Advantage Inc. (formerly known as SBA Online Inc.), and William Douglas Rhodes, president of the companies. The companies are based in Miami, Fla.

Cramming refers to the practice of billing businesses for services that were never authorized and have little value. The bogus charges usually appear on businesses' telephone bills.

The SBA had warned small businesses across the country in March about a company calling itself "SBA Online" after receiving a number of complaints from members of the public advising that representatives of the company were contacting their businesses seek-



ing to interest them in purchasing certain commercial services allegedly offered by their organization, or in paying to become members of "SBA." The complaints said callers frequently sought confidential financial or personal data, and solicited fees for services or membership.

The Web site operated by the company is unrelated in any way to the Web site operated by the SBA at [www.sbaonline.sba.gov](http://www.sbaonline.sba.gov). The public should also note that the SBA neither solicits membership fees nor contacts businesses to obtain sensitive information about small businesses or individuals unless it is part of a particular matter pending before the agency, such as a loan application.

At the FTC's request, the U.S. District Court for the Southern District of New York has entered a temporary restraining order prohibiting the defendants from making any further misrepresentations and freezing their assets.

For information about the FTC case, visit <http://www.ftc.gov/opa/2003/11/epixtar.htm>. For information from the FTC about avoiding Web services scams, visit the FTC Web site at <http://www.ftc.gov/bcp/conline/pubs/alerts/webalrt.htm>.

### **Editor's Note**

When filling out a Loan Application to be submitted to SBA, please remember to fill in the Minority Code, Woman Code (yes or no); and Vet Code (Vet=yes or no, Viet vet, or Other Vet). When these codes are not filled in it creates numerous problems. Thank you for your cooperation in this matter.

### **SBA Lenders for November 2003**

**Amcore Bank NA Rockford**  
Rockford, IL – 1 Loan for \$520,000

**American National Bank-Fox Cities**  
Appleton – 2 Loans for \$353,500

**Anchor Bank SSB**  
Madison – 1 Loan for \$925,000

**Associated Bank NA**  
Green Bay – 8 Loans for \$540,300

**Bank One NA**  
Chicago, IL – 2 Loans for \$538,600

**Baylake Bank**  
Sturgeon Bay  
1 Loan for \$75,000

**Capital One Federal Savings Bank**  
Falls Church, VA  
12 Loans for \$440,000

**Comerica Bank**  
Detroit, MI  
1 Loan for \$209,000

**Community Bank & Trust**  
Sheboygan – 2 Loans for \$141,000

**Cornerstone Community Bank**  
Grafton – 1 Loan for \$150,000

**F&M Bank-Wisconsin**  
Kaukauna – 1 Loan for \$125,000

**First Bank Financial Centre**  
Oconomowoc – 2 Loans for \$630,000

**First Banking Center**  
Burlington – 2 Loans for \$448,268  
Lake Geneva – 1 Loan for \$100,000  
**Total: 3 Loans for \$548,268**

**First Citizen's State Bank of Whitewater**  
Whitewater – 1 Loan for \$112,000

**First National Bank of New Richmond**  
New Richmond – 1 Loan for \$329,000

**First National Bank-Fox Valley**  
Menasha – 1 Loan for \$53,600

**Fortress Bank of Westby**  
Westby – 1 Loan for \$385,000

**GE Capitol Small Business Finance Corp.**

St. Louis, MO  
1 Loan for \$893,700

**Hometown Bank**  
Saint Cloud – 2 Loans for \$2,666,633

**Innovative Bank**  
Oakland, CA – 1 Loan for \$5,000

**Investors Community Bank**  
Manitowoc – 1 Loan for \$70,000

**Layton State Bank**  
New Berlin – 1 Loan for \$176,000

**M&I Marshall & Ilsley Bank**  
Milwaukee – 15 Loans for \$1,638,000  
Brookfield – 1 Loan for \$342,000  
**Total: 16 Loans for \$1,980,000**

**Milwaukee Economic Development Corp.**  
Milwaukee – 1 Loan for \$840,000

**Monona State Bank**  
Monona – 1 Loan for \$50,000

**Mound City Bank**  
Platteville – 1 Loan for \$150,000

**Oak Bank**  
Fitchburg – 1 Loan for \$345,000

**Ozaukee Bank**  
Cedarburg – 3 Loans for \$928,083

**Park Bank**  
Milwaukee – 1 Loan for \$40,000

**Pioneer National Bank**  
Duluth, MN – 1 Loan for \$100,000

**River Cities Bank**  
Wisconsin Rapids  
1 Loan for \$230,000  
Stevens Point  
1 Loan for \$15,000  
**Total: 2 Loans for \$245,000**

**St. Francis Bank FSB**  
Milwaukee – 2 Loans for \$190,000

**State Bank of Chilton**  
Chilton – 1 Loan for \$800,000

**Stephenson National Bank & Trust**  
Marinette – 1 Loan for \$22,000

**The Park Bank**  
Madison – 1 Loan for \$128,000

**US Bank NA**  
Cincinnati, OH  
3 Loans for \$145,000

**Waukesha State Bank**  
Waukesha – 3 Loans for \$604,000

**Wells Fargo Bank NA**  
San Jose, CA – 4 Loans for \$60,000

**Wells Fargo Bank Minnesota NA**  
Minneapolis, MN  
3 Loans for \$418,500

**Wisconsin Business  
Development Finance Corp.**  
Monona – 7 Loans for \$2,888,000

## ***Microlenders for November 2003***

**Lincoln Neighborhood  
Redevelopment Corp.**  
1 Loan for \$35,000

## ***Calendar of Events***

<http://app1.sba.gov/calendar/states/calendar.cfm?op=group&grp=73>

## ***Mentor Protégé Programs***

### **Women Owned Small Businesses**

One way women-owned small businesses can gain access to federal procurement opportunities is through mentor protégé programs. With the help of a mentor, a small business is able to gain access to additional business resources, including credit and capital, managerial and technical training, and networking opportunities.

The main goal of the partnership between the mentor and protégé is to help the protégé become a valued business partner and to eventually be able to perform as a successful prime contractor.

On May 23, 2000, [Executive Order No. 13157](#) was issued to increase federal procurement opportunities for women-owned small businesses (WOSB). Each federal agency and Department with procurement authority is responsible for establishing a Mentor Protégé program to help achieve the 5 percent participation goal for WOSB for prime and subcontract awards for each fiscal year.

### **Is Certification Required to Participate in a Mentor Protégé Program?**

Some federal Mentor Protégé programs require certification as a Small Disadvantaged Business, 8(a) firm, or HUBZone firm for program participa-

tion. However, there is currently no separate certification requirement for participation as a WOSB in a federal Mentor Protégé program.

### **What Qualities Should I Look For in a Mentor?**

Before entering into a Mentor Protégé relationship, it is recommended that you make sure the mentor has the ability to make a commitment to help develop your company and to provide various forms of assistance to improve the ability of your small business to compete for contracts. Please ensure that your mentor: (1) has at least two years of financial profitability; (2) possesses good personal, professional and business character; (3) does not appear on the federal list of debarred or suspended contractors; (4) has experience in government contracting; and (5) has practical and expert business skills and knowledge to share with you as the protégé firm.

### **What Are the Benefits of a Mentor Protégé Relationship?**

WOSBs may benefit from Mentor Protégé relationships, especially if the mentor is an economically viable prime contractor. Benefits from the Mentor Protégé relationship for WOSBs may include: (1) an increase in annual profits; (2) opportunities to joint venture with prime contractors; (3) increased working capital; (4) technical and managerial training opportunities; (5) increased personnel to

manage projects; (6) larger working facilities; and (7) additional and/or state of the art equipment. In addition, protégés may enjoy the benefits of financial assistance in the form of equity investments and/or loans.

### **Where Can I Find a Mentor?**

One way to find a mentor is to contact one of the federal agencies that have a Mentor Protégé program. Speak to the small business representative in the agency you contact.

Most often, the small business office is the primary contact for small business procurement activity. That office is generally located within each agency's Office of Small and Disadvantaged Business Utilization (OSDBU). Another way to find a mentor is through marketing and networking.

You may want to advertise your services to buyers on SBA's Procurement Marketing and Access Network *Pro-Net* <http://pro-net.sba.gov/>; and the Federal Business Opportunities web site [www.fedbizopps.gov](http://www.fedbizopps.gov). Both of these are popular sites visited by prime contractors.

Another resources is the **Federal Mentor Protégé Programs** U.S. Small Business Administration [www.sba.gov/8abd/indexmentorprogram.html](http://www.sba.gov/8abd/indexmentorprogram.html)